

29 March 1955

MEMORANDUM FOR: CI/OA

SUBJECT: Request for Cancellation of the Operational Clearance  
on Arno SCHOLZ

1. It is requested that the operational clearance granted by the then II/SA/OS on 20 December 1950 for use of Arno Scholz be cancelled.

2. Arno Scholz was the Principal Agent of EE Division Project TPOASIS approved by ADPC on 21 February 1949. Under TPOASIS CIA subsidised the production and clandestine East Zone distribution of two special weekly editions of Scholz's daily West Berlin newspaper, Der Telegraf. In September 1954, after evidence had been discovered indicating that key TPOASIS agent personnel had misappropriated considerable project funds, the German Mission initiated an investigation to determine the extent of the fraud and those individuals responsible for it.

3. Documentary evidence obtained during the investigation showed that from approximately July 1952 through August 1954 Arno Scholz had given the project case officer false production and distribution figures for the two CIA-supported weekly newspapers. On the basis of these false figures CIA had paid Scholz for services which he had not rendered. The evidence obtained also convincingly showed that Arno Scholz and his assistant Werner Niese were both fully aware of and responsible for the fraud.

4. The TPOASIS investigation was concluded by a meeting with Arno Scholz in Bonn on 3 February 1955. At this meeting Scholz was informed that he was held personally responsible for falsifying the production and distribution figures of the two weekly editions of Der Telegraf. Scholz reiterated the position he had maintained throughout the investigation - namely, that (a) he had not been aware that the production and distribution figures of the two weekly editions, which were supplied him by Werner Niese, were incorrect until the CIA investigation was initiated in September 1954; (b) all funds furnished him by CIA were used to carry out anti-Communist activities in the East Zone, and (c) neither he nor any of his associates had benefited financially from the deception, as the total costs of the East Zone activities carried out by his organization were greater than the support furnished by CIA. Scholz was informed that all support of his activities would be terminated.

5. Since the termination of Project TPOASIS ends all direct contact with Arno Scholz it is requested that his clearance be cancelled.

Chief, EE/PP/G

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NAZI WAR CRIMES DISCLOSURE ACT  
DATE 2007